



EX PARTE OR LATE FILED



EX PARTE

October 3, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 96-45

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Attached is a copy of a letter which was delivered today to Kim Parker of the Universal Service Branch of the Common Carrier Bureau in response to a question she raised in relation to the above-referenced proceeding.

Two copies of this notice are hereby submitted in accordance with § 1.1206(a)(1) of the Commission's rules. Please include this letter and the accompanying memorandum in the record of this proceeding.

Sincerely,

Hance Haney

Hance Haney
Counsel and Director
Legal & Regulatory Affairs

Attachment

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October 3, 1997



EX PARTE

Kim Parker
Universal Service Branch
Common Carrier Bureau
Federal Communications Commission
2100 M Street, N.W., Eighth Floor
Washington, D.C. 20554

Re: *Petition for Reconsideration of the United States Telephone Association,*
CC Docket No. 96-45 (filed July 17, 1997)

Dear Ms. Parker:

I am writing in response to your request for additional information regarding a recommendation contained on page 22 of USTA's July 17, 1997 Petition for Reconsideration in CC Docket No. 96-45, *i.e.*, that the FCC develop a streamlined application process in cases where requiring compliance with the full competitive bid process does not appear appropriate. Specifically, USTA recommended that eligible entities should not be required to adhere to the entire competitive bid process when they: (1) seek to make minor modifications or additions to contracts already approved by the Administrator or (2) decide to purchase eligible products and services from a "master contract."

A "master contract" refers to a contract negotiated with a provider by a third party, the terms and conditions of which are then made available to other entities who purchase directly from the provider. Unlike other types of consortium or aggregated buying arrangements, under a master contract arrangement, there is typically no contractual, financial, or management relationship between the third party that negotiates the contract and the entity that purchases and receives the product/service from the provider. Examples of master contract arrangements include Educational Service Centers and state government contracts.

In the context of the Universal Service education and health care programs, USTA recommends that the Commission clarify that: (1) eligible entities that choose to obtain supported services by purchasing off a master contract may do so without going through the competitive bid process and (2) whether a third party seeking to negotiate a master contract from which eligible entities are expected to purchase would be required to adhere to the

Kim Parker
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Universal Service competitive bidding requirements (or in the case of existing contracts, be required to submit those contracts to the Administrator for registration). In addition, USTA seeks clarification that a third party negotiating a master contract, or the lead member of another consortium or aggregated buying arrangement, is not itself required to be an entity eligible to receive Universal Service benefits and, thus, that in these cases non-eligible entities would be allowed to submit requests for proposals to the website on behalf of eligible entities. This conclusion is implied by the Commission's decision to allow eligible entities to join in purchasing arrangements with ineligible entities.

While details of the application process are not yet available, USTA also suggests that the FCC clarify that eligible entities purchasing from a master contract are required only to submit the paperwork necessary to notify the Administrator of the services it plans to order and to secure a commitment of funds from the Administrator. This submission should reference the master contract which would have already been submitted to the Administrator. In addition, it would also appear appropriate to exempt any third party soliciting bids for a master contract through the Universal Service website (or registering an existing contract) from any requirement to list all of the entities to be served since that could not be known.

Similarly, USTA also recommends that the Commission not require eligible entities wishing to make minor modifications to contracts already registered with the Administrator to repeat the competitive bid process. Undergoing a complete competitive bid process in order to procure a few additional lines or to accommodate minor growth would be unduly burdensome and costly for eligible entities. In these cases, USTA recommends that the FCC allow eligible entities to simply submit the paperwork necessary to notify the Administrator of their intention to purchase the additional services from the same contract and to secure a commitment of funds from the Administrator.

Sincerely,

A handwritten signature in black ink that reads "Hance Haney". The signature is written in a cursive, slightly slanted style.

Hance Haney
Counsel and Director
Legal & Regulatory Affairs